GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:56
ANSWERED ON:27.04.2016
Payments Banks by India Post
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether India Post proposes to set up payments banks;

(b) if so, the details thereof, State-wise along with the services likely to be provided by such banks;

(c) whether some financial giants have shown interest to partner with the payments banks;

(d) if so, the details thereof; and

(e) whether the International Finance Corporation, a member of the World Bank Group, has also shown interest in picking up a stake in the business and if so, the details thereof?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 56 FOR 27TH APRIL, 2016 REGARDING "PAYMENTS BANKS BY INDIA POST".

(a) Yes Madam.
(b) During November 2014, RBI had issued guidelines for setting up of Payments Banks and Department of Posts applied for license to RBI in January 2015. RBI has granted 'In-Principle approval to Department of Posts for setting up a Payments Bank on 7th September, 2015 with a stipulation to complete all formalities for setting up the Bank within 18 months i.e. by 6th March 2017. The Public Investment Board has recommended that the Payments Bank may be set up as a Public Limited Company under the Department of Posts with 100% Government of India Equity. With a project cost of Rs 800 crores (Rs.400 crore equity and 400 crore grant) and the draft cabinet note has been forwarded to Cabinet Secretariat seeking the approval for the project.
The present proposal is that the IPPB may set up one Headquarter and upto 650 branches co-located in District HQ post offices. The project may be rolled out in a phased manner and the bank may complete its nation-wide roll-out in five years. All the post offices in a district may be linked to the respective IPPB branch and may become the access point for the services of Payments Bank and will coordinate with the Payments Bank branches to which they are mapped
The services available through the Payments Banks will be basic banking services such as acceptance of demand deposits such as current and savings accounts up to a balance of Rs 1 Lakh, various kinds of payments; including social security payments like DBT payments, person to person remittances (both domestic and cross-border). Apart from these, financial products like insurance, mutual funds, pensions, credit etc may be distributed through third party tie ups with banks and other financial service providers especially in rural areas and among the under banked segments of the society.
(c) Yes Madam, enthused by the rapid modernization of the Department of Posts in the past few years, more than 60 large companies have approached the Department of Posts for collaboration with the prospective India Post Payments Bank. More than 40 of these are domestic and international financial giants in the field of banking, insurance, international money transfer, mutual funds etc. While the Department is in various stages of discussions with them, decision on formal partnerships will be taken after carefully evaluating the entire value proposition that they propose for the common man.
(d) A list of financial service providers interested in collaborating with India Post Payments Bank is attached at Annexure A.
(e) No Madam. Although some preliminary discussions had taken place with International Finance Corporation, no formal proposal to this effect has been received.

Annexure-A
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List of Financial Service Providers interested in collaborating with India Post Payments Bank

Sl No. Financial Services Institutions
1 Allahabad Bank
2 Ambay Forex
3 Axis Bank

4 Bajaj Allianz Life
5 Bank of Baroda
6 Barclays Bank
7 Centre For Digital Financial Inclusion
8 Citibank
9 CMS Infosystem (Cash Management)
10 Dena Bank
11 Deutshe Bank
12 FIA Global (Financial Inclusion)
13 HDFC Life Insurance
14 Hitachi Payment Services
15 HSBC Bank
16 IBRT - Institution for Bank Recruitment and Training
17 ICICI Lombard
18 ICICI Prudential
19 IDBI Bank
20 IDFC Bank
21 IDRBT - Institute for Development & Research in Banking Technology (estb. By RBI)
22 IFC- International Finance Corporation (World Bank group)
23 India First Life Insurance
24 Indian Overseas Bank
25 ITI Limited
26 Kotak Mahindra Bank
27 Max Life Insurance
28 MICRO SAVE
29 Muthoot Fin Corp
30 NABARD
31 NIBM - National Institute of Bank Management
32 Nomura Research Institute
33 NPCI
34 Paytm
35 Pension Fund Regulatory and Development Authority
36 Punjab National Bank
37 Punjab National Bank Metlife Insurance
38 Reliance Capital Limited
39 Religare Health Insurance Company
40 Royal Sundaram (General Insurance)
41 SBI Life
42 State Bank of India
43 UAE Exchange
44 Union Bank of India
45 UTI Mutual Fund
46 Western Union
47 Worldline e-Payment Services
48 YES Bank
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